



The Institute of Chartered Accountants of India
(Dubai) Chapter NPIO



UAE **TAX UPDATE** NEWSLETTER

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**FTA Link : For full information on UAE Corporate Tax, refer to - <https://tax.gov.ae/en/legislation.aspx>
and for the FTA Guides, refer to - <https://tax.gov.ae/en/taxes/corporate.tax/corporate.tax.guides.references.aspx>**

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From the CHAIRMAN

Dear Esteemed Members,

As we embark on the second half of 2024, I am delighted to present the July edition of our monthly tax updates newsletter. The consistent engagement and insightful contributions from our community continue to inspire and elevate the quality of this publication.

This month, our focus is on several pivotal topics that are crucial for professionals navigating the tax landscape in the UAE and the broader GCC region. The articles featured in this edition include:

- **UAE Corporate Tax – First Tax Period of a Juridical Person:** An in-depth analysis of the key considerations and obligations for juridical persons as they navigate their first tax period under the new UAE Corporate Tax regime.
- **UAE Corporate Tax – Common Ownership and/or Control through a Government Entity:** Detailed insights into how common ownership and control through government entities are addressed under the UAE Corporate Tax framework.
- **Navigating the UAE Thin Capitalization Rules: All You Need to Know:** A comprehensive guide to understanding and complying with the UAE's thin capitalization rules, including practical strategies for businesses to manage their capital structures effectively.
- **GCC Updates:** An overview of the latest tax and regulatory developments across the GCC, highlighting significant changes and their implications for businesses operating in the region.
- **Indian Union Budget 2024:** Detailed Tax Updates: A thorough examination of the tax-related provisions in the Indian Union Budget 2024, with a focus on their impact on NRIs and businesses with cross-border operations.

These articles reflect the dedication and expertise of our editorial team and the invaluable contributions from our members. Our goal is to ensure that you have access to the most relevant and timely information to support your professional responsibilities.

Hope you all have also enjoyed Indian Budget event "Decoding Indian Union Budget 2024-25" with a well experienced investment leader, Mr. A. Balasubramanian of Aditya Birla Sun Life AMC Limited and the most energetic, deeply engaging session with the Tax Guru CA Girish Ahuja on 29th July, 2024.

I encourage you to continue to engage with this newsletter by providing feedback and submitting articles. Your input is vital in keeping this publication a dynamic and valuable resource for our Chapter.

Thank you for your ongoing support of the ICAI (Dubai) Chapter. Together, we are building a robust platform for knowledge sharing and professional development.

Warm regards,

CA Rajesh Somani
Chairman
ICAI (Dubai) Chapter NPIO



3 UAETAX UPDATES

3.1 UAE Corporate Tax – First Tax Period of Juridical Person

The Federal Tax Authority (FTA) has issued public clarifications to elucidate specific aspects of the Federal Decree Law No. 47 of 2022 concerning the Taxation of Corporations and Businesses.

This clarification particularly focus on the first Tax Period of a Juridical Person.

Juridical persons which are incorporated, formed or established under the Commercial Companies Law

The Commercial Companies Law applies to commercial companies established in the UAE and to foreign incorporated companies that establish their head office or a branch or representative office in the UAE.

The first Financial Year under the Commercial Companies Law may not necessarily be a 12-month period, but instead can be a period between 6 months and 18 months.

Where a juridical person which is a Taxable Person is formed under other legislation, such as Free Zone regulations, which nonetheless has the same requirements for the first Financial Year as Commercial Companies Law, the same analysis.

The Financial Year followed by the Taxable Person under the Commercial Companies Law shall be accepted as the Financial Year and, therefore, will be the Tax Period for the Corporate Tax Law.

Where, as a result, the first Tax Period of such Taxable Person is not a 12-month period but a period between 6 months and 18 months, the Taxable Person is not required to make any application to the FTA to change its Tax Period.

This is unlike other situations where a Taxable Person is required to make an application to the FTA to change the start and end date of its Tax Period.

Where the first Tax Period is longer or shorter than a 12-month period, there is no pro-rating of the various thresholds prescribed under the Corporate Tax Law,

for example the Revenue threshold for Small Business Relief. The only exception is the de minimis threshold for the purposes of the General Interest Deduction Limitation Rule.

Non-Resident Person with a Permanent Establishment in the UAE

Where a Non-Resident Person has a Permanent Establishment, the first Tax Period will be the Financial Year or part thereof beginning from when the Permanent Establishment first began operations.

Where such activities began before 1 June 2023, the first Tax Period will be the first Financial Year commencing on or after 1 June 2023.

Resident Person effectively managed and controlled in the UAE

Where a juridical person is incorporated or otherwise established or recognised under the applicable legislation of a foreign jurisdiction but is a Resident Person by virtue of being effectively managed and controlled in the UAE, the first Tax Period will be the Financial Year or part thereof commencing on or after 1 June 2023.

Cessation before or during first Tax Period

Where there is a cessation of Business or Business Activity, whether by dissolution, liquidation, or otherwise, during the first Tax Period, the Taxable Person is required to make an application for Tax Deregistration. The cessation of a Taxable Person's Business or Business Activities, whether by dissolution, liquidation, or otherwise, during its first Tax Period does not impact its obligation to register for Corporate Tax, i.e. a Taxable Person is still required to register for Corporate Tax even where the cessation takes place after the start of the first Tax Period.

In such cases, a Taxable Person is still required to submit a Tax Deregistration application within the deadline of 3 months from the Deregistration triggering event.



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The following table summarizes the illustrations on the first tax periods mentioned in the public clarification with respect to resident juridical persons:

Status	Scenario	Incorporation Date	Company's Financial Period as per Commercial Law/ MOA	First Tax period (DD/MM/YY)	Subsequent Tax period (DD/MM/YY)
Resident Company	1	01 Feb 2023	Jan to Dec	1/1/24 to 31/12/24	1/1/25 to 31/12/25
	2	01 Feb 2023	Apr to Mar	1/4/24 to 31/3/25	1/4/25 to 31/3/26
	3	01 Feb 2023	Sep to Aug	1/9/23 to 31/8/24	1/9/24 to 31/8/25
	4	05 Jun 2023	Jan to Dec	5/6/23 to 31/12/23	1/1/24 to 31/12/24
	5	16 Aug 2023	Jan to Dec	16/8/23 to 31/12/24	1/1/25 to 31/12/25
	6	11 Jun 2023	Apr to Mar	11/6/23 to 31/3/24	1/4/24 to 31/3/25
	7	02 Jan 2024	Apr to Mar	2/1/24 to 31/3/25	1/4/25 to 31/3/26
	8	06 Jul 2023	Sep to Aug	6/7/23 to 31/8/24	1/9/24 to 31/8/25
	9	20 Dec 2023	Sep to Aug	20/12/23 to 31/8/24	1/9/24 to 31/8/25
Foreign Company considered as UAE Resident company when they are effectively managed and controlled in the UAE	1	Before 1st June 2023 (CT Introduction date)	Jan to Dec	1/1/24 to 31/12/24	1/1/25 to 31/12/25
	2	01 Sep 2023	Sep to Aug	1/9/23 to 31/8/24	1/9/24 to 31/8/25

The following table summarizes the illustrations on the first tax periods mentioned in the public clarification with respect to non-resident persons:

Status	Scenario	Non- Resident Company's Operations in UAE start Date	Foreign Company's Financial Period as per its MOA	PE is effective from	First Tax period (DD/MM/YY)	Subsequent Tax period (DD/MM/YY)
Non-Resident having Fixed Place PE	1	01 Feb 2022	Feb to Jan	01 Dec 2023	1/2/24 to 31/1/25	1/2/25 to 31/1/26
	2	01 Feb 2022	Sep to Aug	01 Dec 2023	1/9/23 to 31/8/24	1/9/24 to 31/8/25
	3	01 Aug 2024	Jan to Dec	01 Feb 2025	1/8/24 to 31/12/25	1/1/26 to 31/12/26
	4	05 May 2024	May to April	05 Nov 2024	5/5/24 to 30/4/25	1/5/25 to 30/4/26
Non-Resident having Dependent Agent PE	1	01 Mar 2021	Mar to Feb	01 Jun 2023	1/3/24 to 28/2/25	1/3/25 to 28/2/26
	2	01 Feb 2022	Sep to Aug	01 Jun 2023	1/9/23 to 31/8/24	1/9/24 to 31/8/25
	3	01 Aug 2024	Jan to Dec	01 Aug 2024	1/8/24 to 31/12/25	1/1/26 to 31/12/26
		05 May 2024	May to April	05 May 2024	5/5/24 to 30/4/25	1/5/25 to 30/4/26



3 UAETAX UPDATES

3.2 UAE Corporate Tax – Common ownership and/or Control through a Government Entity

The Federal Tax Authority (FTA) has issued public clarification to elucidate specific aspects of the Federal Decree Law No. 47 of 2022 concerning the Taxation of Corporations and Businesses.

The clarification particularly focusses on the definition of 'Related Parties' where there is a common ownership and/or Control through a Government Entity.

Common ownership and/or Control by a Federal Government or a Local Government is not in itself a basis for being Related Parties for the purpose of the Corporate Tax Law.

Taxable Persons whose only common ownership of at least 50% or Control is through the Federal Government or Local Government, are not Related Parties for the purposes of Article 35 of the Corporate Tax Law.





4 ARTICLES FROM MEMBERS

4.1 Navigating the UAE Thin Capitalization Rules: All You Need to Know



CA Naveenkumar Kabra

1. The Story Behind Thin Capitalization and its Adoption in the UAE

- The **Base Erosion and Profit Shifting (BEPS)** project was initiated by the Organisation for Economic Co-operation and Development (OECD) and the G20 countries.
- In line with **BEPS Action Plan 4**, which aims to limit base erosion involving interest deductions and other financial payments, **Chapter 9** of the **Federal Decree-Law No. 47 of 2022** (UAE CT Law) incorporates **Article 30 - General Interest Deduction Limitation Rule**.
- Additionally, **Article 31 - Specific Interest Deduction Limitation Rule** has been included in the **UAE CT Law** to address Thin Capitalization where a Taxable Person mainly acts as a conduit, using debt received from a related party for the specified benefit of another related party.

2. What is Thin Capitalisation?

- **Thin capitalization:** Companies are financed with high debt relative to equity, making them highly leveraged or geared.
- **Impact on taxes:** High debt results in higher interest payments, reducing taxable profit.
- **Purpose of thin capitalization rules:** Prevent profit shifting through excessive debt and protect a country's tax base.
- **UAE CT Law, Article 30:** Broadly limits interest claims on all types of interest, both domestic and cross-border.

3. Key Issues in Thin Capitalization Highlighted by the OECD

Multinational groups can achieve favourable tax results by adjusting debt levels in group entities, leading to BEPS risks in three scenarios:

1. Placing higher third-party debt in high-tax countries.
2. Using intragroup loans to generate interest deductions exceeding actual third-party interest expenses.
3. Using third-party or intragroup financing to fund tax-exempt income generation.



Article 30 – General Interest Deduction Limitation	Article 31 - Specific Interest Deduction Limitation Rule
<ul style="list-style-type: none"> • If the Net Interest Expenditure¹ is less than or equal to AED 12 million, it shall be fully deductible, subject to Article 31. And if the Net Interest Expenditure exceeds AED 12 million, the deductible amount shall be the higher of 30% of EBITDA² or AED 12 million, subject to Article 31. • The amount which exceeds the limit can be carried forward for a period of 10 Financial years. • The above shall not be applicable to <ul style="list-style-type: none"> o A bank, an insurance provider, natural person undertaking business activity in the state o Any other person as may be determined by Minister 	<ul style="list-style-type: none"> • No Deduction shall be allowed for the loans availed from related parties directly or indirectly with respect to the following transaction: <ul style="list-style-type: none"> - A dividend or profit distribution to a Related Party - A redemption, repurchase, reduction or return of share capital to a Related Party. - A capital contribution to a Related Party. - The acquisition of an ownership interest in a Person who is or becomes a Related Party following the acquisition • Interest expenditure shall be allowed if the taxpayer is able to demonstrate that the main purpose of the debt/loan is not obtaining a corporate tax advantage³

5. Key Takeaways on Thin Capitalization Norms in UAE Tax Law

- General interest expenditure is allowed on a net basis after reducing interest income and is limited to 30% of EBITDA.
- EBITDA calculation excludes exempt income.
- Interest expenditure exclusion applies to banks, insurance providers, natural persons in business, and others as determined by the Minister of Finance.
- Disallowed interest can be carried forward for 10 years and included in the next tax period's limit calculation.
- Specific interest deduction limitations apply to related-party debts per Article 31.

6. Ministerial Decision (MD) No. 126 of 2023 on the General Interest Deduction Limitation Rule:

The Decision has **15 Articles**, and the following are the key takeaways:

i. **Interest on financial assets and liabilities** is considered expenditure or income regardless of accounting standards. **Fees related to raising finance** (guarantee, arrangement, commitment) are included in the limitation calculation. **Interest from forward contracts, futures, options, swaps, or derivatives** used for hedging is included. **Islamic financial instruments' interest equivalents** are treated as interest. **Finance elements of lease payments** are included in interest limitation. **Foreign exchange gains and losses** from interest are considered in the interest limitation calculation.

ii. If net interest expenditure is \leq AED 12 Mn, it is fully allowed, and no limitation applies.

iii. **EBIDTA** shall be calculated as follows:

- Zero, where the below calculation is negative
- Taxable Income + Net Interest Expenditure + Depreciation/Amortization + Any interest income/expense relating to historical financial assets or liabilities held prior to 09-Dec-2022 + income and expenditures attributable to the Interest capitalised by the Taxable Person when the capitalised Interest is amortised over the useful life of the related asset and not when the interest is accrued.

iv. Historical Financial Liabilities

- Interest on debt instruments or liabilities agreed before 09-12-2022 is grandfathered and not included.
- For partial drawdowns or undrawn principal agreed before 09-12-2022, interest is excluded only if the lender was legally obliged to provide funds upon completing pre-determined deliverables or project phases.

¹ Net interest Expenditure = General Interest Expenditure – Interest Income

² EBITDA - Earnings Before the deduction of Interest, Tax, Depreciation and amortization

³ No Corporate Tax advantage shall be deemed to arise where the Related Party is subject to Corporate Tax or a tax of a similar character under the applicable legislation of a foreign jurisdiction on the Interest at a rate not less than 9%

• For Historical Financial Liabilities, the amount excluded is the lower of the net interest expenditure or the net interest expenditure based on terms as of 09-12-2022.

v. **Tax Groups:** A Subsidiary that has joined an existing Tax Group can use its carried forward pre-Tax grouping net interest expenditure only for its own income within a Tax Group, however when a subsidiary leaves a Tax Group, any remaining unutilized carried forward net interest expenditure it brought in must be excluded by the Parent.



vi. It has been directed that the Independent Business of an Exempt Person shall be liable for **Article 30**.

vii. Qualifying Infrastructure Projects

- Net Interest Expenditure incurred by a Qualifying Infrastructure Project (QIP) Person in relation to a Qualifying Infrastructure Project shall not be subject to the General Interest Deduction Limitation Rule.
- QIP Person - A Resident Person that is responsible for the provision, maintenance, or operation of a QIP or Carries on any other activity that is ancillary to, or facilitates the provision, maintenance, or operation of a QIP. QIP is defined thereunder.

7. Thin Capitalization: Practical Considerations and Challenges

Thin Capitalisation poses significant impact for many taxable persons whereby the taxable income and tax liability may lead to substantial cash flows for the businesses. It is therefore highly important that a thorough analysis of facts and scenarios is undertaken to avoid any surprises that may affect the conduct of day-to-day operations and adversely affect a Group's global tax planning and strategy.





5 OTHER TAX UPDATES

5.1 GCC Updates

The recent tax updates from the GCC region include key developments from the Kingdom of Saudi Arabia (KSA), Kuwait, Oman, and Bahrain.

Following are the key updates:

Kingdom of Saudi Arabia (KSA)

E Invoicing: The Zakat, Tax and Customs Authority (ZATCA) has set the criteria for the Fourteenth Wave of the E-invoicing “Phase II - Integration Phase,” targeting taxpayers with VAT-relevant revenues exceeding SAR 5 million in 2022 or 2023. These taxpayers must integrate with the Fatoora platform by February 1st, 2025.

This phase will be rolled out in waves, with ZATCA providing six months’ notice before each wave’s start. The move continues the Kingdom’s digital transformation and builds on the success of Phase One.

Transfer Pricing: ZATCA has announced major updates to its Transfer Pricing guidelines, including several key changes:

1. Advance Pricing Agreements (APA): Expanded procedures and scope for APAs, offering clearer frameworks for future transactions.

2. TP Adjustments in Accounting Books: Guidance on incorporating transfer pricing adjustments directly into accounting records.

3. Exclusions for Group Companies: Group companies with a unified Zakat declaration must disclose transactions with companies they own less than 100%.

Custom Duties Exemptions: On July 5, 2024, ZATCA has updated the Rules of Returned Goods Customs Duties Exemptions.

The new amendments aim to update the requirements for exemption of the returned goods, and address the challenges pertaining to the temporarily exported goods to complete their manufacture or repair abroad.

The updates also included the cancellation of the value restrictions on returned goods, where an exemption request can be submitted for all returned goods, irrespective of their value, in accordance with the provisions of the Common Customs Law and its Implementing Regulations.





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Kuwait

Kuwait has officially ratified its tax treaty with the United Arab Emirates. Under this agreement, the state of residence will have exclusive taxation rights on passive income, including dividends and interest. The treaty limits the source state's taxation of royalties and technical service fees to 10%.

Historically, tax treaties concluded by Kuwait did not specifically contain a separate article dealing with taxation of fees for technical services.

It also incorporates provisions for preventing abuse and resolving disputes. The treaty is set to come into effect on January 1 of the year following its ratification, which will be 2025.



Oman

The Majlis al-Shura, the lower house of the Omani parliament, has approved a draft law and forwarded it to the State Council, the upper house, for final approval.

Oman is now poised to become the first Gulf nation to implement a personal income tax, aiming to diversify revenue sources beyond oil in alignment with its Vision 2040 plan. This decision, announced during the Shura's 12th regular session, marks a significant shift in a region that has long relied on a no-income-tax policy to attract expatriates and drive economic development.

If enacted, the personal income tax will be the first of its kind in the GCC region, potentially impacting high-earning foreign workers and wealthy Omani citizens. The proposed tax targets high-income earners, with Omani citizens taxed on net global income exceeding \$1 million and foreign nationals on Oman-sourced income above \$100,000.

Further, Oman has also signed a Double Taxation Avoidance Agreement (DTAA) with Egypt on May 22, 2023, to eliminate international double taxation and enhance economic activities between the two countries.

Bahrain

The Bahrain Parliament has introduced a new legislative bill to implement corporate income tax (CIT), marking a significant change in the country's fiscal approach.

By aligning with the Organisation for Economic Co-operation and Development (OECD)'s base erosion and profit shifting (BEPS) guidelines, Bahrain is adopting international standards to establish a global minimum tax.

The proposed bill includes several key provisions aimed at ensuring fairness and efficiency in the tax system.

Tax Rates: The CIT Law imposes a tax on the taxable income of legal entities as follows:

- Banks and financial institutions, including exchange companies and entities engaged in leasing activities, are subject to a starting tax rate of 5%, which will increase annually by 1% until it reaches 7% of net taxable profits (unless specified exemptions apply). Basic telecommunications companies, insurance companies, reinsurance companies, and financial brokerage partners will follow the same rate structure.
- For all other legal entities, the tax starts at 3% with an annual increase of 1% until it reaches 5% of net taxable profits unless specified exemptions apply.
- Foreign branches of Bahraini companies operating outside the Kingdom will be subject to 6% tax on net income, as declared in their final audited accounts.

Exemptions: Exemptions are granted to specific entities to support non-profit and public welfare activities. These include public institutions and municipalities, income of trade unions, social entities, cooperative societies, and other legally registered and licensed associations that do not aim for profit. Additionally, income of non-profit religious, charitable, educational, sports, or health institutions, and the income of endowments, are exempt. Companies achieving 100% Bahrainization are also granted tax exemptions. Commercial institutions



and companies with annual net profits not exceeding Bahraini Dinars (BHD) 30,000 are also exempt.

Funds Allocation: The new corporate income tax law, the collected funds will be allocated as follows: 50% to the General State Account for government operations, 20% to the Social Insurance Fund, 20% to the Social Security Fund, and 10% to the Unemployment Insurance Fund. This allocation supports various public services and social programs.

Tax Evasion: The new bill addresses tax evasion in a detailed and comprehensive manner. It identifies several acts as tax evasion, including failing to register within 60 days of the CIT Law's publication, not submitting tax returns or paying taxes within 60 days after the due date, and making improper deductions or adjustments to income tax.

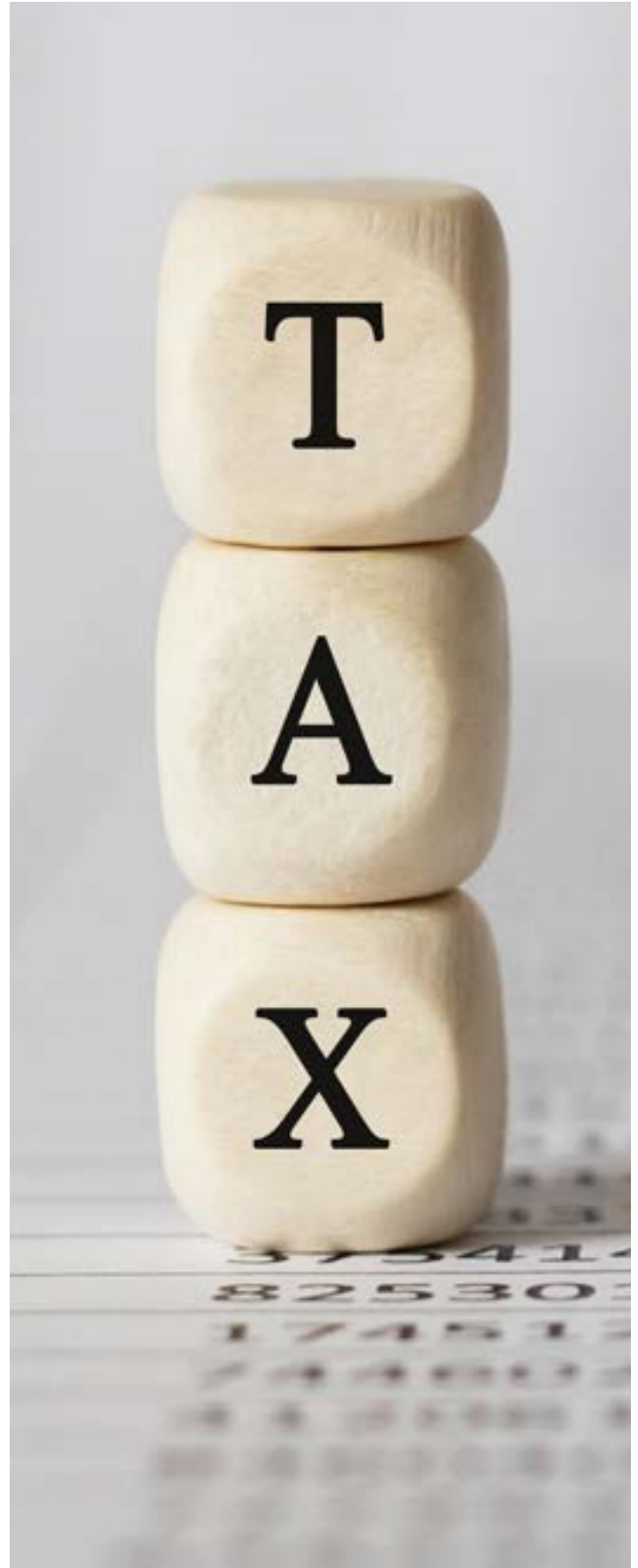
The bill also covers issuing or receiving tax refunds without legitimate reasons, submitting forged or fabricated documents, and failing to issue tax invoices for taxable supplies or imports. These provisions are aimed at ensuring strict compliance and maintaining the integrity of Bahrain's tax system.

Penalties: The bill sets out stringent penalties for tax evasion to ensure serious consequences for offenders. Individuals caught evading taxes could face imprisonment ranging from one month to three years and fines up to three times the amount of the unpaid tax.

For repeat offenders within three years of a previous conviction, penalties are doubled. Legal entities are also held accountable and will face doubled fines if the offenses are committed in their name or for their benefit.

Tax evasion cases will be fast-tracked through the courts and are considered serious crimes. Criminal action for tax evasion requires a request from the minister or his delegate.

Reconciliation in tax evasion cases is possible if the accused pays the minimum prescribed fine and the due tax amount, resulting in the extinction of the criminal case.





5 OTHER TAX UPDATES

5.2 Indian Union Budget 2024: Detailed Tax Updates

The Union Budget 2024 presented on July 23, 2024, brought several changes and reforms aimed at simplifying the tax system, providing relief to taxpayers, and fostering economic growth. Below are the detailed updates, including tables and a comprehensive overview of capital gains taxation.

Personal Income Tax:

1. Standard Deduction Increase:

o The standard deduction for salaried employees has been increased from ₹50,000 to ₹75,000.

2. Revised Tax Slabs:

o The new tax regime has revised tax slabs, providing relief to middle-income groups.

3. Old vs. New regime tax rates (Income tax slabs FY. 2023-24 and AY. 2024-25)

Tax Slabs for FY 2023-24	Tax Rate	Tax Slabs for FY 2024-25	Tax Rate
Upto Rs. 3 lakh	Nil	Upto Rs. 3 lakh	Nil
Rs. 3 lakh – Rs. 6 lakh	5%	Rs. 3 lakh – Rs. 7 lakh	5%
Rs. 6 lakh – Rs. 9 lakh	10%	Rs. 7 lakh – Rs. 10 lakh	10%
Rs. 9 lakh – Rs. 12 lakh	15%	Rs. 10 lakh – Rs. 12 lakh	15%
Rs. 12 lakh – Rs. 15 lakh	20%	Rs. 12 lakh – Rs. 15 lakh	20%
More than Rs. 15 lakh	30%	More than Rs. 15 lakh	30%



3. Deductions for Pensioners:

- o The deduction on family pension for pensioners has been enhanced from ₹15,000 to ₹25,000

Corporate Tax:

1. Reduced Corporate Tax Rate:

- o The corporate tax rate for foreign companies has been reduced from 40% to 35%

2. Angel Tax Abolishment:

- o The angel tax for all classes of investors has been abolished to support the startup ecosystem

Customs Duties:

1. Precious Metals:

- o Customs duties on gold and silver have been reduced to 6%, and on platinum to 6.4%

2. Electronics and Chemicals:

- o Basic Customs Duty (BCD) has been removed or reduced on various electronic components and chemicals to promote domestic manufacturing.

Capital Gains Taxation:

1. Revised Tax Rates:

- o Changes in the taxation of capital gains are aimed at ensuring a more balanced and fair approach.

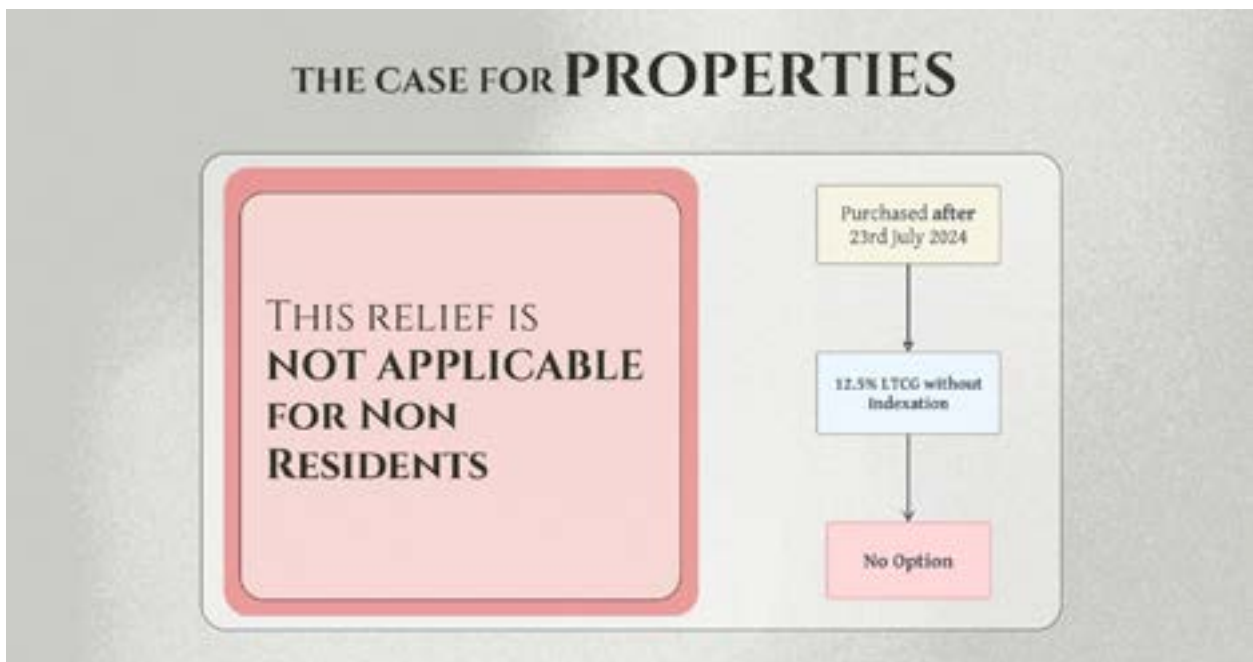
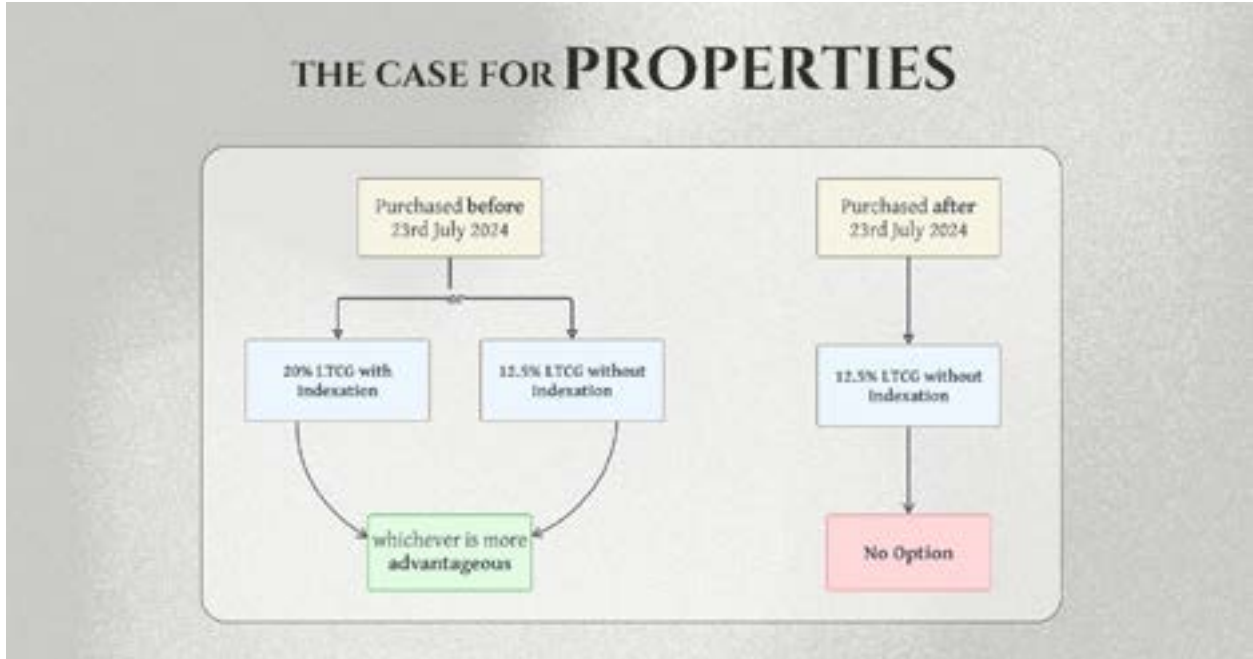
Asset Class	STCG	Holding Period	LTCG
Equities and Equity mutual funds	20%	1 year	12.5%
REITS/InVITs			12.5% (No indexation benefit)
Listed bonds & debentures			12.5%
Debt & non-equity Mutual Funds	Slab Rate Classified as short-term gain regardless of holding period.		

Asset Class	STCG	Holding Period	LTCG
Physical Real Estate	Slab rates	2 years	12.5% (No indexation & foreign currency benefit)
Unlisted Equity			
Gold			
Unlisted bonds		2 years	Slab rates
Unlisted Debentures/MLD's		Not applicable	



Note: Post Budget update issued on Capital Gains Tax on Properties:

Subsequent to budget announcement, further updates were issued relating to capital gains tax on properties, synopsis of the same can be seen in below charts:



2. Exemption Limit Increase:

oThe exemption limit for capital gains on certain financial assets has been increased to ₹1.25 lakh per year.

3. Change in STT rates for Futures & Options:

The 2024 budget has increased the securities transaction tax (STT) on Futures & Options (F&O) of securities to 0.02 percent and 0.1 percent respectively and income receipts from share buybacks would be taxed in the hands of beneficiaries.



- Futures up from 0.0125% to 0.02%
- Options up from 0.0625% to 0.1%

Taxpayer Services and Compliance:

1. Digitalization of Services:

- o All remaining services of Customs and Income Tax, including rectification and appellate orders, will be digitalized over the next two years.

2. Simplification of Reassessment:

- o Assessment can be reopened beyond three years up to five years from the end of the Assessment Year only if the escaped income is ₹50 lakh or more.

3. Vivad Se Vishwas Scheme, 2024:

- o A new scheme for the resolution of income tax disputes pending in appeal has been introduced.

Miscellaneous:

1. Social Security Benefits:

- o Deduction for employer expenditure towards the National Pension System (NPS) increased from 10% to 14% of the employee's salary.

2. E-commerce and Mutual Funds:

- o TDS rate on e-commerce operators reduced from 1% to 0.1%.
- o The 20% TDS rate on the repurchase of units by mutual funds or UTI has been withdrawn.

These measures aim to simplify the tax system, provide financial relief, and encourage economic growth by creating a more favorable environment for individuals and businesses alike.





6. INVITATION TO WRITE ARTICLES FROM MEMBERS

Dear Members,

We invite contributions from Chartered Accountants who are members of the Chapter to share insightful articles on Corporate Tax, Value Added Tax and Excise Tax matters for our newsletter.

Please submit your articles by clicking on the link <https://icaidubai.org/articles>

Kindly adhere to the following guidelines:

Intellectual Property Responsibility: The articles/ writeups/ views shared are from your own research and you should take full responsibility that it does not breach any copyright, patent or any other IP or any other types of rights.

Content Guidelines: The article should not contain any objectionable contents including but not limited to such as taboo topics like religion, politics, culture and sex.

Editorial Modification: The author should not have an objection if the Managing Committee makes any changes to the shared articles/ writeups/ views to make it fit for the purpose of inclusion in the Journal/ Newsletter/ Publication of the ICAI Dubai Chapter.

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We look forward to receiving your contributions, which will enrich our newsletter with valuable insights and updates. Please use the above mentioned link for submitting your article. For any clarifications please contact below persons,

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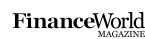
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