



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



UAE  
**TAX UPDATE**  
NEWSLETTER

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For comprehensive information on UAE Corporate Tax, please refer to the following links:

### **UAE Corporate Tax Legislation**

<https://tax.gov.ae/en/legislation.aspx>

### **FTA Guides on Corporate Tax**

<https://tax.gov.ae/en/taxes/corporate.tax/corporate.tax.guides.references.aspx>

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## From the Desk of The **CHAIRMAN**

**Dear Esteemed Members,**

As we celebrate the festival season, I extend my warmest wishes to all our members and their families. May this time of celebration bring joy, peace, and prosperity to each of you. In alignment with the evolving landscape, our September newsletter offers updates to keep you informed and prepared in your professional endeavors.

This month, our spotlight covers:

- **Postponement of Tax Return Deadlines:** The Federal Tax Authority's recent Decision No. 7 of 2024 introduces an extension for filing corporate tax returns and settling payable amounts for specific tax periods. This deferral provides valuable relief, allowing businesses to align compliance efforts with updated deadlines.
- **GCC Updates:** September's insights include notable tax and regulatory shifts across the GCC, providing a comprehensive understanding of regional developments that may impact multinational operations and cross-border business strategies.

Our dedicated editorial team and contributors have ensured that these updates are presented with precision and clarity, empowering you to navigate these changes with confidence. We invite your continued engagement and feedback to keep our platform vibrant and beneficial for all members.

Let's celebrate this festive season by fostering knowledge, collaboration, and a shared commitment to excellence.

**Warm regards,**  
CA Rajesh Somani  
Chairman,  
ICAI (Dubai) Chapter NPIO



### 3 UAE TAX UPDATES

#### 3.1 Postponement of the Deadline to File a Tax Return and Settle the Corporate Tax Payable for certain Tax Periods (Federal Tax Authority Decision No. 7 of 2024)

On September 25, 2024, the FTA has released a Decision (Federal Tax Authority Decision No. 7 of 2024) announcing an extension for filing Corporate Tax Returns, postponing the deadline to December 31, 2024, for certain taxpayers with short tax periods ending on or before February 29, 2024.

1. For the purposes of Tax Return, the deadline to file return with the Authority shall be no later than 31 December 2024, where all of the following conditions are met:

a. The Taxable Person was incorporated, established or recognised under the applicable legislation of the State on or after 1 June 2023.

b. The Tax Period of the Taxable Person ended on or prior to 29 February 2024.

2. For the purposes of Corporate Tax Payment, the deadline to settle corporate tax payable shall be no later than 31 December 2024, where all of the following conditions are met:

a. The Taxable Person was incorporated, established or recognised under the applicable legislation of the State on or after 1 June 2023.

b. The Tax Period of the Taxable Person ended on or prior to 29 February 2024.



## 4 OTHER TAX UPDATES

### 4.1 GCC Updates – September 2024

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

Following are the key updates:

China is accelerating its negotiations for a free trade agreement (FTA) with the Gulf Cooperation Council (GCC), signalling its intent to strengthen trade relations with the region.

Simultaneously, the GCC has initiated its first round of negotiations for a separate FTA with Indonesia, reflecting its efforts to expand economic partnerships with Asian markets.

Kingdom of Saudi Arabia (KSA)

**E Invoicing:** The Zakat, Tax and Customs Authority (ZATCA) has outlined the selection criteria for taxpayers involved in the Fifteenth Wave of the “Integration Phase” of E-invoicing. Targeting those with VAT revenues exceeding SAR 4 million during 2022 or 2023, ZATCA will notify affected taxpayers to integrate with the Fatoora Platform starting 1 March 2025.

The Authority (ZATCA) has also established the selection criteria for taxpayers participating in the Sixteenth Wave of the “Integration Phase” of E-invoicing. Targeting those with VAT revenues exceeding SAR 3 million in 2022 or 2023, ZATCA will require these taxpayers to integrate their E-invoicing solutions with the Fatoora Platform starting 1 April 2025. This phase introduces stricter requirements compared to the initial phase, supporting Saudi Arabia’s digital transformation and economic development efforts.

**Fines & Penalties:** The Zakat, Tax and Customs Authority

(ZATCA) has launched an initiative allowing taxpayers to cancel fines for late tax registration, payment, and filing until 31 December 2024. Eligible participants must be registered in the tax system and have submitted all outstanding returns, although penalties for tax evasion are not included.

**Customs:** The Zakat, Tax and Customs Authority (ZATCA) has introduced updated rules regarding fees for customs services, set to take effect on 6 October 2024. These rules will waive fees for export-related customs services while adjusting import service fees to 0.15% of the value of incoming goods, with a minimum fee of SAR 15 and a maximum of SAR 500.



Kuwait

During a recent visit to Kuwait, Hungary’s Foreign Minister Péter Sziijártó and Kuwait’s Foreign Minister Abdullah Al-Yahya signed several cooperation agreements on 5 September 2024. The bilateral meeting focused on enhancing ties across various sectors, discussing regional developments, and formalizing commitments



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through multiple accords. Key agreements include a memorandum on cybersecurity cooperation and an executive cultural cooperation program covering 2024 to 2027.

Kuwait has also ratified several significant tax treaties and amendments to enhance international economic cooperation. These include the ratification of the income and capital tax treaty with Iraq, originally signed on May 12, 2019, as well as the amending protocols to the Kuwait–South Africa income tax treaty (2004) and the Kuwait–Switzerland income and capital tax treaty. Both amendments were ratified on September 18, 2024.



## Qatar

The governments of Estonia and Qatar have signed an agreement to eliminate double taxation on income taxes and prevent tax evasion, alongside an accompanying protocol. Approved on 12 September 2024 and ratified on 20 September 2024, this agreement aims to enhance economic cooperation, promote transparency, and facilitate cross-border investments between the two countries.



## Oman

The government of the Philippines announced on 20 September 2024 that negotiations are actively progressing for a Double Tax Treaty (DTT) between the Philippines and Oman.



## Bahrain

VAT: Bahrain's National Bureau for Revenue (NBR) introduced an important update to its zero-rated VAT list, adding 118 essential food items to alleviate the financial burden on consumers. This move aims to make everyday goods more affordable by exempting them from the 10% VAT. The expanded list covers essential products like meat, fish, fruits, vegetables, cereals, grains, dairy products, and beverages such as coffee and tea. Other notable additions include children's food preparations, olive oil, eggs, bread, water, and salt.

Bilateral Co-operation: Bahrain and Hungary have solidified their economic partnership through a new investment agreement aimed at expanding bilateral cooperation across several sectors, including manufacturing, renewable energy, technology, and innovation.

Bahrain has implemented the IMF's Enhanced General Data Dissemination System (e-GDDS) by launching a National Summary Data Page (NSDP). The NSDP, hosted on Bahrain's Ministry of Finance and National Economy's website, offers key economic and financial data, including national accounts, fiscal operations, and external sector indicators. The initiative was jointly led by the Ministry of Finance, Central Bank of Bahrain, and Information & eGovernment Authority. IMF's Chief Statistician, Bert Kroese, highlighted this move as vital for transparency, data accuracy, and enhancing the country's sovereign financing conditions.

OECD/G20's Inclusive Framework on BEPS 2.0: Bahrain has introduced a new Law, marking a significant

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milestone in the OECD/G20's Inclusive Framework on BEPS 2.0 project. The Law allows Bahrain to retain the right to tax Bahrain-sourced income and prevent foreign governments from collecting tax on such income. It provides rules and procedures for implementing a Domestic Minimum Top-up Tax (DMTT) in Bahrain, without imposing the income inclusion rule (IRR) or undertaxed payments rule (UTPR), which would allow taxation of non-Bahraini profits under certain circumstances.

The DMTT will be effective for fiscal years starting on or after 1 January 2025 and applies to MNEs operating in Bahrain with a consolidated annual revenue exceeding €750m in two of the last four fiscal years. The effective tax rate is 15% and will be applicable to the financial net accounting income, subject to certain adjustments.

Permanent and transitional safe harbours will be available. The DMTT of constituent entities located in Bahrain shall be reduced to zero if the MNE has constituent entities in no more than six jurisdictions and the sum of net book value of tangible assets does not exceed €50m for a period of five years after the first day of the first fiscal year when the MNE entered the scope of the OECD Model Rules.

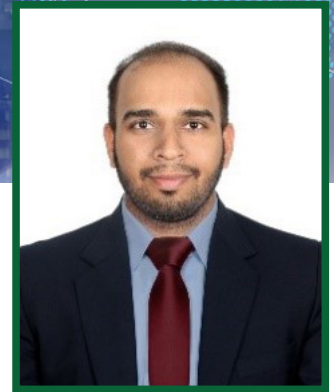
Filing constituent entities will be required to register with the National Bank of Bahrain (NBR) and submit a tax return. The DMTT will be payable in instalments, including advance payments in 2025.







5 ARTICLES FROM MEMBERS



CA Devang Mehta

## 5.1 Increasing Interest in Setting up 100% Foreign-Owned Subsidiaries in Saudi Arabia

In recent times, we have observed a growing trend of entities based in the UAE, GCC countries, and India setting up subsidiaries in the Kingdom of Saudi Arabia (KSA). This heightened interest aligns with Saudi Arabia's Vision 2030 and the expanding business opportunities it brings. Numerous key projects underway in the Kingdom are expected to drive an increase in business activity and investment, providing fertile ground for new ventures.

### WESTERN SAUDI ARABIA GIGA PROJECTS

PROJECTS	VALUE (\$/B)	COMPLETION DATE
Neom	500	2030
Red Sea Global	23.6	2030-35
Jabal Omar	5.6	2026
Masar Makkah	9.8	2030
Thaker	7	2030
AlUla	15	2027
Jeddah Economic City	30	TBC
King Abdullah Economic City	27	2028
Jeddah Central	20	2030
Shams Al Rous	2	2025
Rua Al Madinah	37	2030
Knowledge Economic City	8	2025
ROSHN	1.9	2026
SEVEN	1.4m	2026
Marty	1.4m	TBC



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The image highlights key projects aligned with Saudi Arabia's Vision 2030, showcasing their completion timelines and business potential.

This article highlights the essential requirements and steps involved in establishing a 100% foreign-owned subsidiary in Saudi Arabia, focusing on Service, Manufacturing, or Commercial licenses.

## Key Steps for Setting Up a Subsidiary in Saudi Arabia

### 1. Application to the Ministry of Investment of Saudi Arabia (MISA)

The first step involves the submission of the required documentation, including financial statements, corporate records, and legally attested documents of the parent entity. The minimum capital requirement is determined based on the subsidiary's planned activities.

### 2. Application to the Ministry of Commerce

This stage requires board resolutions for company registration, along with notarized and attested documents.

### 3. Relevant Registrations and Submissions

In parallel with the MISA application, the entity needs to register with various government bodies such as the Zakat, Tax, and Customs Authority (ZATCA), the Ministry of Human Resource & Social Development (HRSD), and the General Organization for Social Insurance (GOSI). Furthermore, the business must obtain a permit from the local municipality for the place of business.

### 4. Pre-Operational Registrations

Before commencing operations, additional steps include opening a bank account, registering with platforms like Qiwa, Muqem, and Mudad, and securing other necessary permits depending on the nature of the business.

The typical timeframe for setting up a subsidiary in Saudi Arabia ranges from one to three weeks, depending on the accuracy and completion of the required documentation.

## Conclusion

The increasing ease of doing business in Saudi Arabia, coupled with the strategic initiatives under Vision 2030, makes it an attractive destination for foreign investment.





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## 5. 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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**Submission Deadline:** Submit the complete article with relevant information by the 25<sup>th</sup> of the month to be considered for publication in the upcoming newsletters.

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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