THE NEWS

Trustworth Tax News Update

TRUSTWORTH

MOSQUE VAT REFUNDS

Federal Tax Authority FTA starts accepting VAT refunds on expenses incurred in running of mosques

Requests can be submitted on the EmaraTax digital tax services platform

SCAN ME

The Federal Tax Authority (FTA) has begun accepting refund requests for Value Added Tax (VAT) incurred on operating mosques via its EmaraTax digital tax services platform, in line with the Cabinet Decision on Refund of Input Tax Incurred on the Construction and Operation of Mosques and the Ministerial Decision in that regard, which has gone into effect and applies to all mosques around the UAE.

Refund requests must be submitted within the set deadlines, in accordance with the date when the mosque in question started being operated by the applicant who submitted said request.

In a press statement issued, the FTA indicated that with regards to requests to refund VAT collected on building and operating mosques, the Decision specified the period from April to September 2023 where the FTA will receive tax refund requests on the operation of mosques that began operating before 1 January 2022, covering the years 2018 to 2022. Meanwhile, between October and December 2023, the Authority will be receiving tax refund requests on the operation of mosques that began operating on or after 1 January 2022, covering the year 2022.

NEWSLETTER HIGHLIGHTS

- UAE: Updates on VAT, Corporate Tax and Customs
- KSA ZATCA urges taxpayers to benefit from amnesty scheme (exemption of fines) before 31 May
- KSA: Saudi Arabia announces fourth wave of Phase 2 e-invoicing integration.
- Bahrain: Possibility Corporate Income Tax on large Multinational Enterprises
- Oman: Digital stamps mandatory for fizzy drinks from July 20, 2023

All mosques must submit tax refund requests on their operation for any given year after 2022 between January and April of the following year.

The Federal Tax Authority clarified that according to the Cabinet Decision, certain conditions need to be met in order to request a refund on input tax incurred on operating a mosque, including that the operator has the right to request a refund of the input tax for goods or services directly related to the operation or maintenance of the mosque, provided that it is not related to any commercial facilities in connection with the mosque. Furthermore, the mosque must be registered as a mosque with the competent authority, and the operator must hold a written fixed-term permission to operate the mosque issued by the competent authority and valid for the period for which they are applying for a refund.

The Authority outlined the documents required to complete the application for a refund on input tax incurred on operating a mosque, namely, a copy of the Emirates ID or passport, bank account certificate, chart of the expenses incurred for operating the mosque, and a copy of the five highest tax invoices.

UAE Corporate Tax: Categories of Taxable Persons Required to Prepare and Maintain Audited Financial Statements

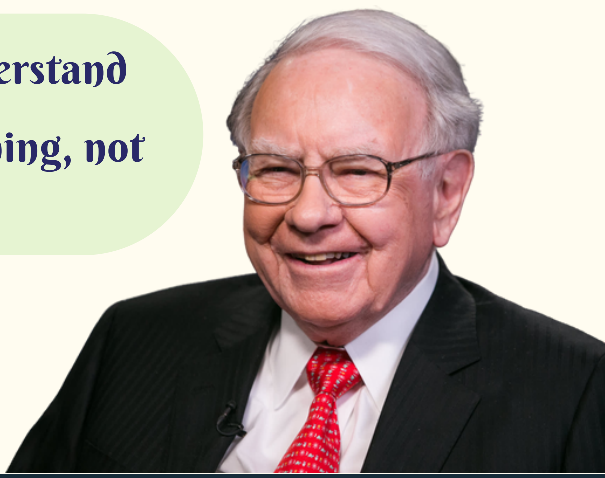
For the purposes of Clause 2 of Article 54 of the Corporate Tax Law, the following categories of Taxable Persons shall prepare and maintain audited financial statements:

- A Taxable Person deriving Revenue exceeding AED 50,000,000 (fifty million United Arab Emirates dirhams) during the relevant Tax Period.
- A Qualifying Free Zone Person.

QUOTABLE QUOTE

Managers and investors alike must understand that accounting numbers are the beginning, not the end, of business valuation.

Warren Buffett.



Dubai Maritime Authority directs all service providers to declare container charges through single window portal

Dubai Maritime Authority (DMA), at the Ports, Customs, and Free Zone Corporation, the government authority responsible for regulating, coordinating, and supervising all aspects of Dubai's maritime sector, has introduced Directive No. 1 of 2023 on transparency of local sea container charges in Dubai. The directive requires all service providers to declare their local sea container charges to the DMA, through the secure Dubai Trade single window portal. This will be from 2 May 2023. The directive applies to all service providers providing local sea container services within, outside, or through any port in the emirate.

This includes existing service providers, who, as of the effective date, are already licensed by a licensing authority in Dubai including the Department of Economy and Tourism, or special development zones and free zones such as the Dubai International Financial Centre Authority, to provide sea container services. It also applies to new service providers, who will become licensed on or after the effective date. In this case, the directive applies to sea container charges that the provider intends to apply from the date that the provider becomes licensed to provide sea container services.

All existing service providers must submit a list of their existing local sea container charges to the Authority within 30 days of the effective date of the Directive, while new service providers must submit a list of all their existing sea container charges within 30 days of first being licensed. From 2 May, all service providers are prohibited from increasing their existing sea container charges in any way. A service provider may increase its sea container charges strictly to reflect new or increased authority, port operator or government charges, provided such an increase does not include any charges or amounts for their account. The freeze on service charges will apply until further notice. Service providers are required to upload all of their existing local sea container charges onto the Dubai Trade Single Window Portal, in addition to any other information or document that may be required by the DMA from time to time. To comply with Directive No. 1, service providers are required to declare all local charges using the sea container charges acronyms, codes, names, and descriptions. If any charges are not listed, the service providers are required to declare these using the additional 'miscellaneous' option provided within the portal.

Dubai Customs -Submission of Customs Declarations & Required Documents

Customs Notice No. (04/2023)

Dubai Customs has issued an update on the grace period for submitting customs declarations and supporting documents after the import and export clearance. The new grace period and the associated details mentioned below entered into force on 24 April 2023.

Below are the main points of this notice;

- Customs declarations and associated documents must be submitted within 30 days of filing the customs declaration. This extends the grace period of 14 days that was previously enforced.
- Late filings beyond 30 days will be charged AED 5 per day (up to a maximum of AED 300) for each declaration.

Supporting documents include any transport documents (e.g. bill of lading, airway bill), commercial invoices, packing lists, certificate of origin, exit certificate (exports) and any import/export permits, if required.

Customs declarations cleared during the period of 29 March 2020 to 29 September 2022 that have not yet been submitted to Dubai Customs will be excluded from the above grace period and should be submitted within ninety (90) days from the date of the Notice (24 April 2023).

Exemptions from the extended grace period:

- Transit declarations including trans-shipment;
- Customs declarations cleared by companies that have an approved document e-archiving system;
- Direct import and export by entities exempted from customs duties in accordance with the GCC Common Customs Law*; and
- Import and export declarations made in a personal name.

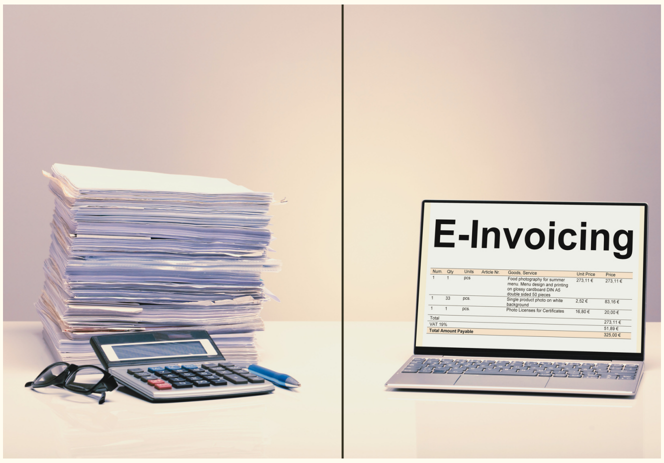
All customs declarations and the supporting documents should be kept for five (5) years from the date of filling the customs declaration. *Dubai Customs may request any records at any stage of the customs clearance process, or during the above prescribed-period of 5 years.* The penalties provided for under the Common Customs Law and Rules of Implementation thereof and decisions issued thereunder shall be applied on offences against the provisions herein.

ZATCA urges taxpayers to benefit from amnesty scheme (exemption of fines) before 31 May

According to ZATCA, the Initiative exempts taxpayers from fines for late registration in all tax laws, delayed payment, overdue tax return filing in all tax laws, VAT return correction, and field detection of violations of e-invoicing and general provisions of VAT.

ZATCA stated that the taxpayer must be registered in the tax law, file all due tax returns with ZATCA, and settle the tax liability of all pending tax returns in full to be eligible for the Initiative. Any taxpayer who wishes to pay their tax liability in instalments may do so by submitting a request to ZATCA within the Initiative's term, with the understanding that any outstanding instalments must be paid on the due dates established by ZATCA. Tax evasion fines and fines paid before the Initiative's term are not included, as confirmed by ZATCA.

Saudi Arabia announces fourth wave of Phase 2 e-invoicing integration



Zakat, Tax and Customs Authority (ZATCA) determined the criteria for selecting the targeted taxpayers in the fourth wave for implementing the "Integration Phase" of E-invoicing, as it clarified that the fourth wave included all taxpayers whose revenues subject to VAT exceeded (150 Million Saudi Riyals) during 2021 or 2022. VAT registered taxpayers meeting the criteria should integrate their e-invoicing solutions with (FATOORA) Platform starting from November 1, 2023.

ZATCA has stated that Phase Two (Integration Phase) requires additional requirements, the most prominent of which are to integrate taxpayers' e-invoicing solutions with ZATCA's platform (FATOORA), issue e-invoices based on a specific format, and include additional fields in the invoice. Furthermore, Phase Two (Integration Phase) of E-invoicing would take place gradually in waves, and ZATCA would inform the following waves directly at least six months before their Integration Date.

According to the authority, the implementation of the second phase, referred to as the "Integration Phase," of the e-invoicing project began on Jan. 1, 2023, with the selected taxpayers in the first wave.

Taxpayers in the first wave were selected based on the revenue subject to VAT for the year of 2021 exceeding SR3 billion.

Launched on Dec. 4, 2021, the first stage obliges taxpayers to stop generating handwritten invoices or computer-generated invoices through text editing software.

Bahrain: Possibility Corporate Income Tax on large Multinational Enterprises

According to recent reports, the Bahrain government is considering the introduction of a corporate income tax regime in response to the Pillar 2 global minimum tax. Bahrain currently has no income tax and, as such, MNE groups operating in the country will end up being taxed in other jurisdictions that have introduced Pillar 2 rules. Considering this, a corporate income tax regime would be introduced with effect from 1 January 2024 for in-scope MNE groups, which generally includes those with annual consolidated revenues exceeding BHD 342 million.

Oman: Digital stamps mandatory for fizzy drinks from 20 July, 2023

Manufacturers and importers who do not comply with the Digital Tax Stamp scheme could be penalized RO500 to RO5,000

Starting July 20, 2023, carbonated and sweetened drinks will be required to get Digital Tax Stamps in order to be imported or sold in the Omani market. Manufacturers and importers who do not comply with the Digital Tax Stamp scheme could be penalized RO500 to RO5,000.
Oman Tax Authority (OTA) stipulated the rules, terms and conditions for implementation of the Digital Tax Stamp scheme for excise goods in the sultanate through Ministerial Decision No 21/2022.
As part of the initial phase, the scheme focused on cigarettes and was later expanded to include shisha and other tobacco products. OTA now intends to further expand regulations to implement Digital Tax Stamps for carbonated, energy and sweetened drinks.
Starting May 4, OTA will accept requests for tax stamps from importers and manufacturers.
From July 20, the sultanate will apply customs enforcement, prohibiting import of goods into Oman without tax stamps, and starting October 12, trade of local goods without tax stamps will be banned.

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Deadline Looms

CT EXEMPTIONS

TAX BITS

- Government entities.
- Government controlled entities.
- Person engaged in an extractive business.
- Person engaged in a non-extractive natural resource business.
- Qualifying public benefit entity.
- Qualifying investment fund.
- Public pension or social security fund that is subject to regulatory oversight of the competent state authority.
- Private pension or social security fund that is subject to regulatory oversight of the competent state authority.

- A juridical person incorporated in the State that is wholly owned and controlled by
- an Exempt Person that conducts any of the following:
- Undertakes part or whole of the activity of the Exempt Person.
- Is engaged exclusively in holding assets or investing funds for the benefit of
- the Exempt Person.
- Only carries out activities that are ancillary to those carried out by the Exempt Person.
- Any other Person as may be determined in a decision issued by the Cabinet at the suggestion of the Minister

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