

Round-up on International Tax and Transfer Pricing Developments

KSA

Stage 2 Peer Review Report issued by OECD

- The OECD published a Stage 2 MAP Peer Review Report which examines KSA's progress under BEPS Action Plan 14.
- Under Action 14, the participating jurisdictions have agreed to implement a minimum standard to improve the effectiveness and efficiency of MAP.
- The OECD report assesses KSA's performance in the application of recommendations following the Stage 1 Peer Review.
- According to the report, KSA adheres to the MAP requirements and has addressed the deficiencies which were identified in the Stage 1 Report.
- The report highlights the progress made between 1 January 2019 and 31 July 2020.
- Other topics covered in the report include:
 - Dispute Prevention
 - MAP Availability and Accessibility
 - MAP Cases Resolution
 - Application of MAP Agreements

UAE

New Protocol Signed by UAE and Austria

- The UAE and Austria signed a new protocol on 1 July 2021 which is an amendment to the existing DTA between the two countries.
- The new protocol will be implemented only after the ratification process is complete, which is yet to be announced.
- The Protocol will impact Austrian businesses, employees and residents in the UAE.
- Some of the modifications to the treaty are stated below:
 - Withholding tax on dividends
 - Tax relief methods
 - Exchange of information
 - Principal Purpose Test
- If ratified before the end of this calendar year, the Protocol will be implemented on 1 January 2022.

UAE

FTA Conducts ESR Audits

- The UAE's FTA has recently commenced an audit of the Economic Substance Reports filed last year.
- As part of the audit process, many Licensees have been issued notices by the FTA seeking additional information and documents.
- The FTA has requested a variety of information, including the following:
 - Detailed explanation to clarify the nature of the Relevant Activity
 - Working papers for the calculation of Relevant Income
 - Board meeting minutes, resolutions, agenda for board meetings
 - CVs and passport copies of full-time employees and board of directors
- The time period for the submission of the required information is between 3-5 working days.
- Additionally, the notices state that these are preliminary notices, and that further information may be requested by the FTA as needed.

Contact Us

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Glossary

BEPS	-	Base Erosion and Profit Shifting
DTA	-	Double Taxation Agreements
ESR	-	Economic Substance Regulations
FTA	-	Federal Tax Authority
KSA	-	Kingdom of Saudi Arabia
MAP	-	Mutual Agreement Procedure
OECD	-	Organisation for Economic Co-operation and Development
UAE	-	United Arab Emirates