

Round-Up on International Tax and Transfer Pricing Developments

KSA

Clarification of disputable Zakat matters

- A series of four guides in the Arabic language have been released recently by the ZATCA regarding important Zakat matters:
 - Guidelines on ZATCA's interpretation of the rules governing the assessment of Zakat payers on a deemed/estimated basis as defined in the MOF's resolution No. 2502 of 1442H.
 - Guidelines on the Zakat treatment of equity investments for Zakat Payers who are regular account holders.
 - Guidelines clarifying the provisions in the MOF's Resolution No.2215 of 1440 H regarding calculating Zakat for financing activities.
 - Simplified guidelines regarding general Zakat.
- These Zakat issues, namely Zakat treatment of estimated Zakat assessments, investments, and financing activities, are heavily litigated and make up most of the Zakat disputes.

UAE

UAE-India CEPA details announced

- The Indian Ministry of Commerce and Industry recently released details of the Comprehensive Economic Partnership Agreement (CEPA), a large and historic free trade agreement between India and the UAE.
- His Highness Abdullah bin Touq Al Marri, the UAE's Minister of Economy and Piyush Goyal, the Indian Minister of Commerce, signed this CEPA on 15th of February and the pact is expected to enter into force on 01 May 2022.
- The document published states that the CEPA aims to promote trade by streamlining customs procedures, thereby reducing logistics expenses and creating more business opportunities.
- In addition, it also mentioned that at first, the CEPA will grant duty-free access to 90 percent of Indian exports and 65 percent of UAE exports and over the next decade, 97 percent and 90 percent of Indian and UAE exports respectively will have duty-free access.
- In addition, as part of the agreement, both parties recognize that a bilateral relationship will contribute to the expansion of trade and promote greater regional economic integration, not just between UAE and India, but also in the GCC region.

UAE

Review of service fee structures

- UAE's MOF has recently announced that it is reviewing the services fee charged by all departments and federal entities for commercial and regulatory activities in the country.
- In light of the government's decision to introduce a federal corporate tax, the review aims to reduce the financial burden arising from these service fees.
- The review therefore aims to improve the business climate, promote further economic growth and boost foreign direct investment into UAE
- The following objectives set forth in the MOF's announcement:
 - To find a balance between the UAE's financial policies and the financial capacity of the federal government.
 - To ensure that the UAE government is financially sound according to the best international practices.
 - To reinforce the level of support from UAE in fostering local and international business growth.
 - To market UAE as a regional centre of business for international companies.

Contact Us

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Glossary

CEPA	-	Comprehensive Economic Partnership Agreement
GCC	-	Gulf Cooperation Council
KSA	-	Kingdom of Saudi Arabia
MOF	-	Ministry of Finance
UAE	-	United Arab Emirates
ZATCA	-	Zakat, Tax, and Customs Authority