



Below are the latest development in tax in the GCC:

UAE

The UAE Federal Tax Authority (“FTA”) has published a VAT Public Clarification VATP022 on Dubai Owners Associations and Management Entities.

FTA clarifies that following the issuance of Law No. 6 concerning ownership of Jointly Owned Real Property in the Emirate of Dubai , the rights and obligations of Owners’ Associations relating to VAT are transferred to management entities. Owners’ Associations no longer make taxable supplies and are therefore required to deregister for VAT. The management entities should register and account for VAT as necessary.

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The FTA has published Cabinet Decision No.65 of 2020 on fees for the services provided by the FTA. The Cabinet Decision sets out the fees applicable for FTA services, including the issuance of certificates and various registrations.

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The FTA has published an updated version of its payment user guide. The updated guide specifies that eDirham payments must be made via the eDirham Instant App, which is available on the Apple App Store and Google Play for mobile devices. The app is used to generate a One Time Password (“OTP”) for the payment. The payment instructions in the guide have also been updated to detail the OTP procedure.

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From 14 November 2020, FTA has started receiving applications to issue Tax Residency and Commercial Activity certificates. Tax Residency Certificate is a certificate issued by the FTA upon request to enable applicants to benefit from Double Tax Avoidance Agreements (“DTAA”) signed between the UAE and other countries and Commercial Activities Certificate which is a certificate issued by the FTA to enable applicants to refund VAT paid in advance outside the UAE, whether or not DTAA’s are applicable. Applications can be submitted via the FTA’s e-services portal for Tax Residency Certificates and Commercial Activity Certificates, which UAE businesses may wish to utilize. The process is completed by submitting the required supporting documents and paying the fees specified in the UAE Cabinet Decision No. 65 for 2020. These specified fees were set as a requirement to apply for the Tax Residency Certificate, as an application is reviewed for any normal or legal person that is not registered with the Authority and providing a print copy of the digital Tax Residence Certificate.

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SAUDI ARABIA

The Kingdom of Saudi Arabia (“KSA”) General Authority of Zakat and Tax (“GAZT”) has published a detailed guide in Arabic on the Real Estate Transaction Tax (“RETT”). The guide provides further clarity on the recently introduced RETT and covers the following topics:

- ✓ Detailed definitions – e.g. transaction, trade-offs, barter, lease finance, ijarah contracts, off-plan properties and real estate companies;
- ✓ Tax base calculation;
- ✓ Tax due date;
- ✓ Detailed explanation for each case of the exclusions;
- ✓ Mechanism of Real Estate Transaction service;
- ✓ Penalties and tax evasion cases;
- ✓ Objections;
- ✓ GAZT powers;
- ✓ Transferor’s liabilities;
- ✓ Tax treatment of off-plan properties; and
- ✓ Rulings.

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The General Secretariat of Tax Committees (“GSTC”) issued a guide in Arabic on the rules and procedures of Tax Violations and Disputes Resolution Committees (“TVDR”) and the Appellate Committee of Tax Violations and Dispute Resolution (“ACTVDR”). The guide provides a step-by-step process of submitting the appeal and its requirements via GSTC portal as well as timelines related to each phase. The English version of the guide will be shared once released.

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BAHRAIN

The National Bureau for Revenue (“NBR”) in Bahrain released a Profit Margin Scheme application form which can be used by taxpayers seeking to apply the profit margin mechanism on the value of certain taxable goods. The form is released in accordance with Article 27 of the Bahrain VAT Law and Article 31 of its Executive Regulations.

The NBR has confirmed that profit margin scheme can only be applied on “qualifying goods” which have been previously subject to VAT. The qualifying goods include a used moveable good suitable for further use in its current state or after repair, a work of art, artifact, or other item of scientific, historical or archaeological interest. However, precious metals, precious stones, pearls or watches are not qualifying goods for the purposes of the Profit Margin Scheme.

[***Access Form***](#)

Who We Are

Nishe is a boutique professional services firm based in the UAE specialising in the provision of accounting, Value Added Tax (VAT) and other related services to clientele in GCC.

Nishe aspires to work towards uplifting underprivileged women by providing them with the support they require to grow. Nishe is exclusively made up of women professionals who are fiercely determined to make a positive impact on everyone they work with – be it our clients, women who seek our support or anyone else.

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