



Below are the latest development in tax in the GCC:

## UAE

Cabinet Decision No. 9/12 of 2020 dated 1 September 2020 states that VAT at 0% is applicable on certain supplies and imports of personal protective equipment ('PPE') used for the protection from COVID-19 specified in the list issued by Minister of Health and Prevention for a period of six months from the date of issue of Ministerial decision (i.e. between 1 September 2020 and 28 February 2021). The Federal Tax Authority ("FTA") has now released a Public Clarification which explains in detail the provisions of zero-rating rules introduced by the above-mentioned decisions. The medical equipment subject to temporary zero-rating include:

- Medical face masks not previously zero-rated;
- Half filtered face masks;
- Non-medical "community" face masks made from textile;
- Single-use gloves; and
- Chemical disinfectants and antiseptics intended for use on the human body but excluding detergents, cosmetics, and personal care products.

### **Retrospective application**

Suppliers who have charged VAT at 5% on eligible supplies and who are aware of the identity of the recipient, are required to issue and deliver a tax credit note to refund the VAT charged. If the supplier is not aware of the identity of the recipient, they must account for the VAT charged on their VAT return for the tax period in which the supply was made.

[Read More](#)

The United Arab Emirates ("UAE") Ministry of Finance ("MoF") has now extended the Economic Substance Filing deadline to 31 January 2021. Accordingly, businesses must create a MoF account in order to access the Economic Substance Portal and file their Notification and Economic Substance Report within the deadline to avoid penalties.

[Read More](#)

The UAE Minister of Justice issued Ministerial Decree No. 691/2020 on 25 November 2020 on the Formation of two Tax Dispute Resolution Committees for the Emirate of Dubai. Formerly, under Ministerial Decrees No. 109/2019 and 456/2020, the Emirate of Dubai had only one tax dispute resolution committee to hear objections against reconsideration decisions of the FTA.

## SAUDI ARABIA

On 4 December 2020, GAZT has issued the E-invoicing Regulation "Regulations" which provide the terms, requirements and conditions related to E-Invoicing mentioned in Article 53 of the VAT Implementing Regulations.

All taxable persons residing in Kingdom of Saudi Arabia ("KSA") as well as clients or any third party who issues a tax invoice on behalf of the taxable person residing in KSA are required to issue an electronic invoice for all their taxable supplies. Non-resident taxable persons are not obligated to issue electronic invoices.

The Regulations define electronic invoice as an invoice issued in electronic and digital means. A handwritten or scanned invoice is not an electronic invoice. A grace period of 12 months starting from 4 December 2020 is granted to all taxpayers to implement the electronic invoicing.

The Regulations also state the preliminary technical requirements of the system used for issuing the electronic invoices. The system should be connected to the internet, comply with cyber security in KSA, should have mechanism for detecting cases of anti-tampering and must be interconnected with other external systems using the application programming interface to ensure data is safe and secure.

[Read More](#)

## OMAN

According to a statement made by the Oman Tax Authorities, the notification filing deadline for Omani constituent entities of MNE's subject to CbCr reporting has been extended to 30 April 2021. The original deadline was on 31 December 2020.

## BAHRAIN

The National Bureau for Revenue (NBR) in Bahrain has amended the “use and enjoyment” rules under which the place of supply for certain telecommunication services is determined for VAT purposes. The public clarification sets out that, with effect from 1 February 2021, the place of use and enjoyment will be the place of residence of the customer, regardless of whether the customer is a business or a consumer.

With effect from 1 February 2021, the place of use and enjoyment of telecommunication services shall be determined as follows, rather than under the provisions currently set out in Article 17 of the Executive Regulations to the VAT Law:

1. For telecommunication services that require the customer to be physically present in a specific location to use them (such as a wi-fi hotspot or an internet café), the place of use and enjoyment is that specific location. There is therefore no change in the place of supply rules for these services.
2. For all other telecommunication services, the place of use and enjoyment is the place of residence of the customer. The supplier of the service should determine the place of residence of the customer by reference to the following:
  - The internet protocol address used by the customer to receive the service;
  - The country code of the SIM card used by the customer to receive the service;
  - The customer’s address as stated on the VAT invoice or other documents used for billing;
  - Details of the customer’s bank account; and
  - Other information of a commercial nature.

Where any of the above is in or refers to Bahrain, the place of residence will be Bahrain. Where the customer provides satisfactory evidence to the supplier that his actual place of residence is in another country, that other country will be treated as the place of residence for the purposes of determining the place of supply of the telecommunication services. Notwithstanding the above, the place of supply cannot shift from Bahrain where the country code of the SIM card is Bahrain.

[Read More](#)

### 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.

For further details, please visit [www.nisheconsulting.com](http://www.nisheconsulting.com).