GCC Tax Newsletter March 2021

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Below are the latest development in tax in the GCC:

UAE

The Federal Tax Authority ('FTA') has released a public clarification VAT P024 on Adjustment on Account of Bad Debt Relief. This public clarification discusses the conditions which must be met in order to benefit from the Bad Debt relief scheme as below:

a) The goods and services should have been supplied and Value Added Tax ('VAT') on the supply should have been charged and accounted for;
b) The consideration for the supply should have been written off in full or in part as a bad debt in the accounts of the supplier;
c) More than six months should have passed from the date of the supply;
d) The supplier should have notified the customer of the amount of consideration for the supply that has been written off.

The document further clarifies that bad debt relief can only be taken to the extent of consideration written off in the supplier's accounts, and that the FTA expects the supplier to engage with the customer during the six month period to recover the debt.

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The FTA has published a Basic Tax Information Bulletin for artists and social media influencers. The Bulletin is relevant to the following persons:

- Individuals who make supplies in their personal capacity as performers, singers, dancers, stage artists, etc. who are referred to as "artists" in the Bulletin; and
- Social Media Influencers (SMIs), who are individuals who provide their services using social media to promote products and services such as bloggers, YouTube hosts, etc. who are referred to as "SMIs" in the Bulletin.

The Bulletin provides guidance on the VAT registration obligations of the resident and non-resident artists and SMIs and highlights the instances where tax invoices are required to be issued, and where simplified tax invoices may be issued. In addition, the Bulletin clarifies that artists and SMIs are eligible to recover input tax incurred to make taxable supplies with the exception of specifically blocked items.

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SAUDI ARABIA

On 18 March 2021, The Kingdom of Saudi Arabia ('KSA') General Authority of Zakat and Tax ('GAZT') has published the draft electronic invoicing ('e-invoicing') Implementation Resolution in Arabic and English . The Resolution will be part of the earlier released E-invoicing Regulations which was issued on 4 December 2020, and describes the functional and technical requirements for the e-invoicing implementation. GAZT has added a section in its website for e-invoicing, providing a consolidated source of information on the topic. This includes awareness materials, as well as a guideline and FAQs documents which were published previously.

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GAZT also announced a public consultation whereby comments can be submitted by taxpayers, e-invoicing service providers, advisors and other interested parties on the draft resolution, annexes and related technical specifications until 17 April 2021.

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Non-resident businesses who are carrying out economic activities outside of Saudi Arabia may be eligible for a refund of VAT they have paid in the Kingdom. The deadline for claims for the calendar year 2020 is 30 June 2021. The GAZT have not yet issued guidance on the process for non-resident businesses to secure VAT refunds for 2020. Nonetheless, in the expectation that the process may commence, businesses should ensure they protect their position by reviewing relevant transactions and making a claim before the deadline of 30 June.

KSA has published an introductory guide explaining the VAT obligations of electronic shops. The guidelines relate to all electronic stores that conduct business through blogs, social media networks (Instagram, for example), instant messaging (WhatsApp, for example), and shopping apps. Electronic stores that sell more than the mandatory registration threshold must obtain a commercial license, register for VAT, file tax returns, and pay VAT liabilities. The VAT registration certificate must be clearly shown in the electronic platform, according to the guidelines (i.e. in the bio section of Instagram, twitter and WhatsApp).

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OMAN

The Oman Tax Authority has published the unofficial English translation of the VAT Executive Regulations. The Executive Regulations were published in Arabic in first week of March. Oman VAT authority will implement VAT in four phases based on turnover. The first phase of VAT registrations commenced for businesses with an annual taxable supply of more than OMR 1 million from 1 February 2021. Oman VAT go-live date is 16 April 2021.

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QATAR

The deadline for filing the Corporate Income Tax Return for 2020 has been extended by two months by Qatar's General Tax Authority. A four-month extension applies to companies wholly owned by Qatari residents / GCC nationals who benefit from a tax exemption under article 4 of the Income Tax Law of 2018. This will be the first tax return under Qatar's new Income Tax Law and Regulations, which includes a transfer pricing statement. Additionally, companies wholly owned by Qatari residents / GCC nationals with a share capital of less than QAR 1 million and annual revenue of less than QAR 5 million should file a simplified tax return and will not be required to file audited financial statements for the relevant period.

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